



S.No.2

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
22.05.2026 At 10.30 AM**

**IA (IBC)/542/2025 and IA (IBC)/543/2025
In CP (IB) No.102/7/HDB/2019
U/s 7 of IBC**

IN THE MATTER OF:

Allahabad Bank

...Petitioner

AND

Sarda Agro Oils Limited

...Respondent

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

ORDER

IA (IBC)/542/2025

Orders pronounced, recorded vide separate sheets. In the result, this Application is allowed and disposed of.

IA (IBC)/543/2025

Orders pronounced, recorded vide separate sheets. In the result, this Application is disposed of.

**Sd/-
MEMBER (T)**

**Sd/-
MEMBER (J)**



IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH, COURT-II

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P. (IB) No. 102/07/HDB/2019

[Under Section 60(5) of The Insolvency and Bankruptcy Code and Rule 11 of the National Company Law Tribunal Rules, 2016]

IN THE MATTER OF M/s. SARDA AGRO OILS LIMITED.

Between:

1. MR. ASHOK KUMAR SARDA,

Promoter & Ex-Director of M/s. Sarda Agro Oils Limited,
R/o Villa No. 34, Pearl County, Rambagh, Attapur,
Hyderabad, Telangana – 500048.

2. MR. VIJAY SARDA,

Shareholder of M/s. Sarda Agro Oils Limited,
R/o Villa No. 34, Pearl County, Rambagh, Attapur,
Hyderabad, Telangana – 500048

.... Applicants

Versus

1. M/S. SARDA AGRO OILS LIMITED,

Rep. by its Liquidator, Mr. Madhusudhan Rao Gonugunta,
Regd. Office: Sy. No. 655, Satamrai Village, Gaganpahad,
Ranga Reddy District, Hyderabad, Telangana – 501323.

2. MR. MADHUSUDHAN RAO GONUGUNTA,

Liquidator of M/s. Sarda Agro Oils Limited,
R/o 7-1-285, Flat No. 103,
Sri Sai Swapna Sampada Apartments,
Balkampet, S.R. Nagar, Hyderabad, Telangana – 500038.

.... Respondents

Date of Order: 22.05.2026



IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

Coram:

Hon'ble Shri Rajeev Bhardwaj, Member (Judicial)

Hon'ble Shri Sanjay Puri, Member (Technical)

Counsels Present

For Applicant : Mr. V. Raghunath, Ld. Counsel

For Respondent No. 2 : Ms. Vazra Laxmi, Mr. G. Madhusudhan Rao,
Ld. Counsel

1. The present Interlocutory Applications are filed by Mr. Ashok Kumar Sarda, Promoter and Ex-Director of M/s. Sarda Agro Oils Limited and Mr. Vijay Sarda, Shareholder of M/s. Sarda Agro Oils Limited (hereinafter collectively referred to as the "**Applicants**"), against Mr. Madhusudhan Rao Gonugunta, Liquidator of M/s. Sarda Agro Oils Limited (hereinafter referred to as the "**Respondent/Liquidator**"), under Section 60(5) of the Insolvency and Bankruptcy Code, 2016, read with Rule 11 of the National Company Law Tribunal Rules, 2016, seeking the following reliefs:

I.A (IBC) No. 542 of 2025

- I. To declare that the Applicants are eligible for the Scheme of Arrangement and Compromise submitted under Section 230 of the Companies Act, 2013, and direct the Respondent No. 2 to reconsider the rejected scheme and subsequently place the same before the lenders for due deliberation.

I.A (IBC) No. 543 of 2025

- I. To grant an interim stay on further proceedings in the liquidation process of the Corporate Debtor until the Applicants' Scheme of Arrangement and Compromise is duly reconsidered by the Respondents



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

in light of the judgment dated 02.09.2024 passed by the Hon'ble High Court.

2. At the outset, it is observed that I.A. (IBC) No. 542 of 2025 and I.A. (IBC) No. 543 of 2025 arise out of the same set of facts about the liquidation process of the Corporate Debtor, M/s. Sarda Agro Oils Limited. I.A. (IBC) No. 543 of 2025, inter alia, seeks a stay of all further proceedings in the liquidation process. Since both the applications involve common Applicants and Respondents, arise from the same factual matrix, and involve common questions of fact and law, this Tribunal, to avoid multiplicity of proceedings and in the interest of justice, deems it appropriate to adjudicate both the applications by way of this common order.

APPLICATION

3. The Applicant submits that this Adjudicating Authority, pursuant to an application filed under section 7 of the IBC by Allahabad Bank, admitted the Corporate Debtor into CIRP on 27.08.2019 and subsequently, on 09.01.2023, ordered the liquidation of the Corporate Debtor and appointed Respondent No. 2 as the Liquidator. In light of Regulation 39BA - Assessment of Compromise or Arrangement, the members of the Committee of Creditors (CoC), in the 11th CoC meeting, engaged in detailed deliberations and resolved to explore the possibility of a compromise or arrangement under this regulation before the issuance of the liquidation order.
4. The Applicant submits that on 13.02.2023, in accordance with Regulation 28 of the Liquidation Regulations, the Applicant proposed a scheme of compromise/arrangement under Section 230 of the Companies Act, 2013, offering Rs. 29,00,00,000/- as full and final settlement. In the 2nd Stakeholders Consultation Committee (SCC)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

meeting comprising Indian Bank (formerly Allahabad Bank) and Bank of Baroda, the scheme was presented. However, the SCC found the amount inadequate and asked the Applicants to revise and increase the offer. Subsequently, on 20.03.2023, the Applicants submitted a revised scheme proposing Rs. 34.71 crore.

5. The Applicant submits that on 14.04.2023, Respondent No. 2 informed via email that the SCC rejected the proposal, stating that the offered amount was not increased to their satisfaction. On 17.04.2023, Applicant No. 1 sent an email expressing concerns that they were not allowed to present or negotiate the revised scheme and requested the SCC to reconvene the meeting. However, instead of granting an opportunity, the Applicants were directed to increase the offer to Rs. 52 crores within two days. The Applicants contended that this approach was unfair as they were denied a reasonable chance to justify or discuss modifications.
6. The Applicant submits that the Liquidator stated that in the 2nd SCC meeting on 23.02.2023, the initial scheme was found inadequate and an improved offer was sought by 10.03.2023, but it was submitted late on 20.03.2023. In the adjourned meeting on 04.04.2023, the Applicants increased the offer only to Rs. 34.71 crore and failed to deposit the amount under Regulation 28(3). Due to these lapses and the time-sensitive process, the SCC rejected the scheme. Aggrieved, the Applicants filed IA/681/2023 seeking directions to reconvene the 3rd SCC meeting. Even after rejection, the Applicants enhanced the offer to Rs. 43 crores. Indian Bank agreed to accept Rs. 4.30 crore (10%) as an upfront payment, which was deposited through M/s. BRS Refineries and notified to the Liquidator on 17.08.2023.
7. The Applicant submits that in the 5th SCC meeting held on 26.09.2023, the SCC members informed the Applicants that their revised proposal



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

must clearly specify that the Rs. 43 crore offer was exclusive of liquidation costs, the liquidator's fee, and any payments to other creditors. In response, the Applicants, through an email dated 30.09.2023, informed the Liquidator that they would comply and accordingly submitted a revised proposal on 04.10.2023. To demonstrate their commitment, the Applicants also deposited 10% EMD amounting to Rs. 4.3 crore through cheque no. 000656.

8. The Applicant submits that on 26.10.2023, Respondent No. 2 informed the Applicants that their proposal could not be processed under the IBC as Indian Bank had classified the Ex-Directors, Mr. Jagadish Sarada and Mr. Manohar Lal Sarada, as wilful defaulters. The Applicants were held ineligible under Section 29A of the IBC, being connected persons, as Applicant No. 1 is the brother and Applicant No. 2 is the son of the wilful defaulters. Consequently, the proposal under Section 230 of the Companies Act, 2013, was rejected, and the 10% EMD of Rs. 4.3 Crore was refunded.
9. The Applicant submits that after the Ex-Directors, Mr. Jagadish Prasad Sarada and Mr. Manohar Lal Sarada, were declared wilful defaulters, they filed W.P. No. 30334 of 2023 before the Hon'ble High Court of Telangana on 01.11.2023, relying on the judgment in State Bank of India vs. M/s. Jah Developers Private Limited. The High Court passed an interim stay order on 04.12.2023, staying further proceedings pursuant to the public notice dated 16.04.2019 for two weeks. Relying upon the said stay, the Applicants filed IA/1702/2023 in IA/681/2023 seeking to declare the rejection of their revised compromise proposal dated 03.10.2023 by Respondent No. 2 as ultra vires.
10. The Applicant submits that the said application was dismissed on 14.02.2024 because the SCC had already rejected the scheme before the High Court order, the stay was only for two weeks and had lapsed, this



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

Tribunal had no jurisdiction to examine the wilful defaulter declaration, and the Applicants, being connected persons, were ineligible under Regulation 2B of the Liquidation Process Regulations. On 02.09.2024, the Hon'ble High Court of Telangana allowed the Writ Petition and set aside the classification of the Ex-Directors as wilful defaulters, holding it legally unsustainable.

11. The Applicant submits that despite the Lenders and Respondent No. 2 being fully aware of the judgment, they have failed to revoke the rejection of the Applicant's scheme, which was based solely on the wilful defaulter classification and consequent ineligibility under Section 29A and Regulation 2B as connected persons. The Applicants have repeatedly requested the Liquidator to reconsider the proposal. No steps have been taken, and the Respondents are instead proceeding to sell the Corporate Debtor as a going concern. The Applicants contend that once the foundation of ineligibility has been quashed, the rejection is no longer sustainable.
12. The Applicant submits that NCLT, Hyderabad Bench-I, in the matter of Punjab National Bank Vs. M/s. NCS Sugars Limited in IA Nos. 897 & 898 of 2024 in CP (IB) No. 299/7/HDB/2018 dated 08.05.2024 held that Section 29A(j) disqualifies only the resolution applicant based on a connected person's ineligibility and not the corporate debtor. The Tribunal ruled that an ex-director is not disqualified merely because the corporate debtor is debarred by SEBI and noted special relaxations available to MSME promoters under Section 29A.
13. The Applicant submits that since the High Court of Telangana has set aside the wilful defaulter classification of the Ex-Directors, the basis for rejecting the Applicant's compromise proposal no longer exists. Despite this, Respondent No. 2 and the lenders have neither revoked the rejection nor reconsidered the proposal and are instead exploring the sale of the



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

corporate debtor as a going concern. The Applicants therefore seek intervention of this Tribunal to set aside the rejection and direct reconsideration of the proposal in light of the High Court ruling.

RESPONDENTS

14. It is submitted that the Corporate Debtor, engaged in the business of vegetable oils refinery, was admitted into CIRP vide Order passed by this Tribunal in CP (IB) No.102/07/HDB/2019 dated 27.08.2019 and was subsequently ordered to be liquidated vide Order dated 09.01.2023. The ex-Directors of the Corporate Debtor are stated to be Mr. Jagdish Prasad Sarda, Mr. Manohar Lal Sarda, and Mr. Anup Sharma. Applicant No.1 is the brother of Mr. Jagdish Prasad Sarda and Mr. Manohar Lal Sarda, while Applicant No.2 is the son of Mr. Jagdish Prasad Sarda. The Applicants jointly submitted a Scheme of Compromise and Arrangement under Section 230 of the Companies Act, 2013, read with Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016.
15. It is submitted that the proposal was placed before the SCC in its 2nd meeting, wherein the Liquidator informed the members that the Applicants had submitted an Affidavit stating their eligibility under Section 29A of the IBC. However, the Indian Bank official stated that verification was required regarding their status as wilful defaulters. The Liquidator informed that eligibility would be finally determined upon receipt of such information. The SCC members further informed that the offered amount was very low and advised the Applicants to improve the proposal and resubmit the same by 10.03.2023.
16. It is submitted that during the 3rd SCC meeting, the revised scheme submitted by the Applicants on 20.03.2023 was considered and discussed. The SCC members informed that despite directions to improve the consideration payable to Secured Financial Creditors to a minimum



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

of Rs.52 Crores, the Applicants revised the offer only to Rs. 34.71 Crores. Since the scheme included all assets of the Corporate Debtor, collaterals of promoters and directors, and release of personal guarantors, the proposal was found unacceptable by the Secured Financial Creditors. The Liquidator thereafter informed the Applicants through email dated 14.04.2023 that the minimum amount required by the lenders had not been offered and that the Applicants had also failed to comply with minimum IBC requirements, including remittance towards expenditure, due to which the proposal was not fully scrutinized for compliance under the IBC.

17. It is submitted that the Applicants filed IA No.681 of 2023 seeking reconvening of the SCC meeting, pursuant to which this Tribunal passed an interim order dated 27.04.2023 directing that no sale notice be issued. Thereafter, the Applicants revised their offer to Rs.43 Crores and deposited Rs. 4.30 Crores through investors BRS Refineries into the no-lien account maintained by Indian Bank. During the 5th SCC meeting held on 26.09.2023, the SCC members informed the Applicants and ex-Directors that handing over all corporate assets was a strict prerequisite for further processing and required a clear modified proposal along with actual handover of assets on or before 30.09.2023.
18. It is submitted that the SCC lenders stipulated that the proposal must strictly comply with Section 29A and all other provisions of the IBC, 2016, subject to verification and confirmation by the Liquidator. It is further submitted that the lenders clarified that the offered amount of Rs.43 Crores was payable exclusively towards the dues of Indian Bank and Bank of Baroda, and that CIRP costs, present and future liquidation costs, Liquidator's fees under the applicable Regulations, legal expenses incurred by the lenders, and statutory dues payable to other creditors or



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

Government authorities were required to be paid separately and over and above the said amount.

19. It is submitted that against the decision of the Liquidator, the Applicants filed IA No.1702 of 2023 praying to declare that the refusal of Respondent No.2 to consider the Applicants' revised compromise and settlement proposal vide email dated 26.10.2023 was ultra vires the provisions of the IBC and the IBBI (Liquidation Process) Regulations, 2016, and consequently sought directions to place the compromise and settlement proposal dated 03.10.2023 submitted under Section 230 of the Companies Act, 2013 read with Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016 before this Tribunal for approval. It is submitted that this Tribunal, after considering the interim orders passed by the Hon'ble High Court of Telangana in W.P. No.30334 of 2023, dismissed the said application vide Order dated 14.02.2024. It is further submitted that the appeal preferred against the said order before the Hon'ble NCLAT, Chennai Bench, was also dismissed on account of non-curing of defects raised by the Registry.
20. It is submitted that the Applicants challenged the refusal of the Liquidator to consider their revised compromise and settlement proposal by filing IA No.1702 of 2023 seeking to declare the said refusal as ultra vires the provisions of the IBC and the IBBI (Liquidation Process) Regulations, 2016, and consequently sought directions to place the proposal before this Tribunal. It is submitted that the Applicants had informed the Liquidator about the interim stay granted by the Hon'ble High Court of Telangana in W.P. No.30334 of 2023 in relation to their wilful defaulter status. However, this Tribunal, after considering the interim orders passed by the Hon'ble High Court of Telangana, dismissed IA No.1702 of 2023 vide Order dated 14.02.2024. It is further submitted that the appeal preferred before the Hon'ble NCLAT, Chennai Bench,



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

against the said order was also dismissed on account of non-curing of defects raised by the Registry.

21. It is submitted that the Hon'ble High Court of Telangana in W.P. No.30334 of 2023, vide interim Order dated 04.12.2023, ordered that "there shall be stay of all further proceedings pursuant to the impugned Public Notice dated 16.04.2019 in declaring the petitioners as wilful defaulters for a period of two weeks from the date of receipt of the copy of the order." It is further submitted that the Hon'ble High Court subsequently, vide Order dated 02.09.2024, allowed the said Writ Petition, directing the respondents therein to follow the Reserve Bank of India guidelines issued under the Master Circular on wilful defaulters.
22. It is, however, submitted that the Applicants had submitted the Scheme of Compromise or Arrangement on 13.02.2023 and, as on the said date, the Applicants were ineligible under Section 29A of the IBC, 2016. Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016 provides that a person who is ineligible under the Code to submit a resolution plan shall not be a party, in any manner, to a compromise or arrangement under Section 230 of the Companies Act, 2013. It is submitted that the Liquidator was required to examine the eligibility of the Applicants as on the date of submission of the scheme and, on that date, the Applicants were ineligible to submit the proposal. It is further submitted that despite such ineligibility, the Applicants submitted an Affidavit stating that they were eligible to submit the proposal, which is alleged to constitute an act of perjury.
23. It is submitted that the Applicants have not submitted any fresh proposal after rejection of their earlier proposal and subsequent Orders passed by the Hon'ble High Court of Telangana in W.P. No.30334 of 2023 dated 02.09.2024. It is further submitted that the statutory timelines for submission of a Scheme of Compromise or Arrangement under Section



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

230 of the Companies Act, 2013, are no longer available and, therefore, consideration of the Applicants' proposal is not possible.

24. It is further submitted that the Scheme proposed by another shareholder, Prakash Oil Depot, has been approved by the Secured Creditors. Pursuant to the Orders passed by the Hon'ble NCLAT in Company Appeal (AT) (CH) (Ins) Nos. 304 of 2025 and 306 of 2025 dated 01.08.2025, granting 90 days to complete the compromise or arrangement proposal submitted by Prakash Oil Depot, the Liquidator has filed an Application before this Hon'ble Tribunal seeking directions to convene the meeting of stakeholders, which is yet to be listed. It is submitted that at this stage, if the liquidation process is stayed, the stakeholders would suffer huge irreparable loss.

FINDINGS AND DECISION

25. We have heard the Learned Counsel for the Applicant and carefully perused the material and documents placed on record. Upon due consideration of the submissions and the material available on record.
26. To recapitulate the factual matrix, the Corporate Debtor was admitted into the CIRP vide order dated 27.08.2019 passed in CP (IB) No.102/07/HDB/2019 pursuant to an application filed under Section 7 of the IBC by Allahabad Bank. Subsequently, liquidation of the Corporate Debtor was ordered on 09.01.2023, and Respondent No.2 was appointed as the Liquidator.
27. A perusal of the record shows that the Applicants submitted a Scheme of Compromise and Arrangement under Section 230 of the Companies Act, 2013 on 13.02.2023, offering Rs. 29 Crores. The Secured Creditors found the offer inadequate and directed the Applicants to improve the same. Pursuant thereto, the Applicants revised the offer to Rs. 34.71 Crores on 20.03.2023.



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

28. The Secured Creditors were still not satisfied with the revised offer. Respondent No.2, vide email¹ dated 14.04.2023, informed the Applicants that the proposal was unacceptable due to the inadequacy of the amount. In response, the Applicants further enhanced the proposal to Rs. 43 Crores and deposited Rs. 4.3 Crores (10% of the offer) as Earnest Money Deposit through M/s. BRS Refineries into the lenders' designated account to demonstrate their commitment.
29. The Applicants contended that during the 5th SCC meeting held on 26.09.2023, the Secured Creditors clarified that the offered amount of Rs. 43 Crores was required to be exclusive of CIRP costs, liquidation costs, Liquidator's fees, statutory dues, and other liabilities payable to stakeholders. The Applicants further submitted that, vide communication dated 04.10.2023, they confirmed their willingness to comply with the said conditions.
30. However, the Liquidator, vide email² dated 26.10.2023, rejected the proposal stating that it could not be processed due to the ineligibility of the Applicants under Section 29A of the IBC read with Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016. The ex-Directors of the Corporate Debtor, namely Mr. Jagdish Prasad Sarada and Mr. Manohar Lal Sarada, had been declared wilful defaulters by Indian Bank. It is not in dispute that Applicant No.1 is the brother of the said ex-Directors and Applicant No.2 is the son of Mr. Jagdish Prasad Sarada. Consequently, the Liquidator treated the Applicants as "connected persons" and rejected the proposal on the ground of disqualification under Section 29A of the Code.
31. It is not in dispute that the ex-Directors, Mr. Jagdish Prasad Sarada and Mr. Manohar Lal Sarada, challenged their declaration as wilful defaulters

¹ Page no. 40-41 of the application.

² Page no. 50-52 of the application.



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

before the Hon'ble High Court of Telangana in W.P. No.30334 of 2023. The Hon'ble High Court vide interim order³ dated 04.12.2023 stayed further proceedings pursuant to the public notice dated 16.04.2019 for two weeks and subsequently, vide final judgment dated⁴ 02.09.2024, allowed the Writ Petition, set aside the wilful defaulter classification, and directed the respondents to act in accordance with the RBI Master Circular on wilful defaulters.

32. Further, the record reflects that a Scheme of Compromise and Arrangement was submitted by another shareholder, M/s. Prakash Oil Depot, under Section 230 of the Companies Act, 2013, was also rejected by this Bench vide order dated 06.03.2026 in IA (IBC) No.1795 of 2025. The minutes of the 32nd SCC meeting held on 10.03.2026 reveal that after considering the said rejection. The Liquidator circulated a draft sale notice and informed the SCC that the sale of the Corporate Debtor as a going concern was no longer feasible due to recent amendments in the Liquidation Process Regulations. Consequently, the SCC resolved to seek extension of the liquidation period, pursuant to which this Bench extended the liquidation period by six months, from 01.04.2026 till 30.09.2026.
33. In view of the aforesaid discussion and upon consideration of the material available on record, it is clear that the Scheme of Compromise and Arrangement initially submitted by the Applicants on 13.02.2023 and subsequently revised came to be rejected by the Liquidator vide communication dated 26.10.2023 on the ground of ineligibility under Section 29A of the IBC read with Regulation 2B of the IBBI (Liquidation Process) Regulations, 2016. The said ineligibility arose because the ex-Directors of the Corporate Debtor, namely Mr. Jagdish Prasad Sarada and

³ Page no. 53-57 of the application.

⁴ Page no. 79-83 of the application.



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT-II**

I.A (IBC) No. 542 of 2025 And I.A (IBC) No. 543 of 2025

IN

C.P (IB) No. 102/07/HDB/2019

Date of Order: 22.05.2026

Mr. Manohar Lal Sarada, had been declared wilful defaulters by Indian Bank, and the present Applicants, being the brother and son respectively of the said ex-Directors, were treated as “connected persons” within the meaning of Section 29A of the Code.

34. However, the Hon’ble High Court of Telangana, vide judgment dated 02.09.2024, passed in W.P. No.30334 of 2023, has set aside the declaration of the aforesaid ex-Directors as wilful defaulters. Consequently, the basis on which the Applicants were treated as ineligible under Section 29A of the Code no longer survives. Accordingly, we are of the considered view that the pending Scheme of Compromise and Arrangement submitted by the Applicants deserves to be reconsidered strictly in accordance with the law.

Accordingly, **I.A. (IBC) No. 542 of 2025** is **allowed** and disposed of.

The relief sought in **I.A. (IBC) No. 543 of 2025** seeking a stay of the liquidation proceedings is **declined**, and the said application is accordingly disposed of.

Sd/-

SANJAY PURI
MEMBER (TECHNICAL)

Sd/-

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)